



**Director of  
Central  
Intelligence**

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*Tuesday  
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**GRENADA-CUBA: Military and Political Situation**

*The mood in Grenada appears generally calm, and there have been no reports of hostile action by most Grenadians.*

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Although sporadic gunfire reportedly continues in Grenada, local people are providing information on activities by members of the Grenadian Army. Residents also have brought in abandoned Grenadian Army weapons.

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**Cuban Activities**

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About 70,000 Cuban militia personnel conducted a "gigantic combat readiness operation" in Havana on Sunday, according to Cuban media. Another 12,000 militia members reportedly were engaged in target practice nearby.

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Press reports indicate that Cuban diplomatic missions around the world are lobbying host governments to refuse recognition to the new Grenadian authorities. Havana announced on Sunday that Armed Forces Minister Raul Castro will travel to Moscow shortly to confer a Cuban decoration on Soviet Defense Minister Ustinov.

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**Comment:** Cuba's diplomatic activity indicates that Havana is trying to portray the new Grenadian authorities as puppets of the US in an effort to embarrass Washington and isolate the new government internationally. Raul Castro's trip to Moscow may have been planned before the Grenadian crisis, but his talks with Soviet officials almost certainly will focus on recent events in Grenada. He may ask the Soviets for additional military assistance to strengthen Cuba's—and perhaps Nicaragua's—defenses.

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**Steps by Commonwealth**

Commonwealth officials in London conferred over the weekend on how to set up a "Commonwealth Security Force" to replace US troops on Grenada, according to press reports. Prime Minister Thatcher has called for a withdrawal timetable, clear lines of command, and assurances that Grenada is completely pacified before she will commit British forces. [REDACTED]

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**Comment:** Units from the Caribbean countries that are deployed on the island presumably would become part of the new force. Several of the larger Commonwealth nations—including the UK, New Zealand, Australia, and Canada—also appear willing to consider participation, and this could encourage others to take part. [REDACTED]

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Most of the countries, however, want the Caribbean states involved to issue an invitation. The UK, in particular, will want to avoid the appearance of acting at Washington's behest. [REDACTED]

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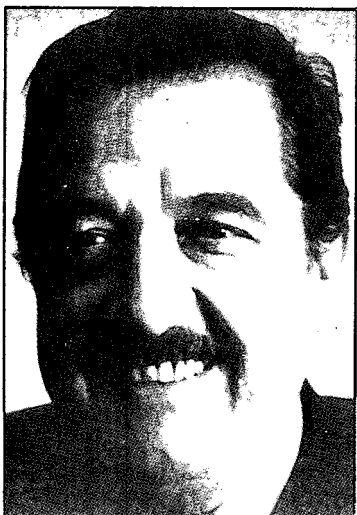
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**Raul Alfonsin**  
 President-Elect

56 . . . longtime head of left-of-center faction of Radical Civic Union . . . fiery orator who won his following by supporting human rights groups and attacking military government . . . wants to reestablish Argentine leadership in Latin America and maintain nation as moderate force in nonaligned movement . . . Ph.D. in law and social sciences . . . widely traveled and has served in both provincial and national level legislatures.




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**Victor H. Martinez**  
 Vice President - Elect

58 . . . attorney for Kaiser Aluminum during the 1950s and 1960s . . . said to welcome US investment in Argentina . . . taught law at Cordoba University prior to election . . . accomplished politician but not expected to be policymaker . . . may try to exercise moderating influence on Alfonsin.




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**Juan Carlos Pugliese**

68 . . . journalist, lawyer, and key adviser to Alfonsin . . . expected to be named Defense Minister . . . longtime politician faithful to party line . . . a Senator in 1950s, Chamber deputy from Buenos Aires Province and Minister of Economy in 1960s . . . had presidential ambitions but withdrew from race in June to maintain party unity.

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**ARGENTINA: Implications of Radicals' Victory**

*Raul Alfonsin's decisive election victory on Sunday over the traditionally predominant Peronists is likely to give him some time to initiate programs, but prospects for stability are uncertain over the longer term.* [ ]

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The Radical Civic Union won control of the lower house of Congress as well as the presidency. Senators are to be chosen by the provincial legislatures later this month. The presidential inauguration, scheduled for January, is expected to be moved up to mid-December, in accord with Alfonsin's wishes. [ ]

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Alfonsin is strongly antimilitary, and he intends to reorganize the high command to subordinate the services to the civilian government. He says he will investigate the military regime's human rights abuses and corruption. [ ]

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The President-elect has pledged to strengthen the economy and obtain more favorable terms in rescheduling the external debt of \$40 billion. He also plans to reform organized labor, which he believes the Peronists have manipulated. [ ]

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Alfonsin is an ardent nationalist with a Third World orientation shared by many Latin American politicians. He has been highly critical of US policies in Central America and the Caribbean. He welcomes foreign investment but says he will regulate it closely. [ ]

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**Comment:** The unexpected magnitude of Alfonsin's victory initially gives him more leeway to move against labor and the military. The Radical coalition, however, is as much anti-Peronist as it is pro-Alfonsin. The President-elect may find it difficult to hold his diverse supporters together in the face of almost certain opposition from labor and the military. [ ]

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Alfonsin probably will quickly begin discussions with foreign creditors and try to exploit his mandate in seeking flexibility from lenders on the massive Argentine debt. If rescheduling efforts progress, bankers may be ready late this month to make long-delayed disbursements of funds that are vital to avoid default and to maintain minimal import levels. [ ]

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**USSR: Romanov's Defense Role**

*Evidence has accumulated since June, when Grigoriy Romanov was brought into the Secretariat, that he is the Communist Party's overseer for the Soviet defense industry.* [ ]

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Romanov was the senior leader to see off Defense Minister Ustinov and greet him on his return from the Warsaw Pact Defense Ministers' meeting in October, according to Soviet media. Last summer two Soviet officials suggested that Romanov had assumed responsibility for defense industry. [ ]

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A regional party boss implied in August that Romanov also was playing a key role in the machine-building sector. As possible evidence for this, a former associate of Romanov's recently was promoted to first deputy chief of the Central Committee's Machine-Building Department. [ ]

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**Comment:** The addition of Romanov to the Secretariat helped fill a gap that resulted from the retirement of Secretary Kirilenko last year and Ustinov's appointment as defense minister several years earlier. Romanov's background equips him to include oversight of defense industry among his duties. He began his career as a ship designer in Leningrad and rose to party boss of that region, which has a heavy concentration of defense plants. [ ]

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Romanov, as secretary for defense industry, would also play an important role in the machine-building sector. Such supervision has traditionally been shared by the secretaries responsible for defense and heavy industry. The promotion of his former associate suggests that Romanov is active behind the scenes. [ ]

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A prominent Soviet academic claimed last summer that Ustinov, now 75, would retire next year. The leadership may be putting Romanov in position to assume the major burden for defense industry after the departure of Ustinov, who apparently has supervised that sector in the absence of a responsible senior secretary. [ ]

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Romanov's appointment to the Secretariat is likely to result in more intensive party oversight of the military procurement process. He probably will be receptive to the military's needs, however, and he will defer to Ustinov's judgment. [ ]

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**EASTERN EUROPE-USSR: Resistance to Soviet Line on INF**

[redacted] all of the East European nations except Czechoslovakia resisted Soviet efforts at the Warsaw Pact Foreign Ministers' meeting last month in Sofia to obtain a tough statement on countermeasures to Western INF. Romania and Hungary reportedly were the most opposed and insisted on the need to maintain a dialogue and ensure economic cooperation with the West. East Germany appealed for caution to help it protect its economic ties with West Germany, but it did confirm its intention to accept new Soviet missiles. [redacted]

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**Comment:** The East European countries other than Czechoslovakia appear worried that heightened East-West tensions will result in limits on economic and other contacts with the West. The Soviets thus far appear to have grudgingly accommodated their allies' concerns. Communiques from the Warsaw Pact summits this year in Prague and Moscow, as well as the recent meetings of Pact foreign and defense ministers, have emphasized the commitment to pursue East-West cooperation. Plans to deploy new Soviet missiles thus far have been limited to East Germany and Czechoslovakia. [redacted]

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25X1**CENTRAL AMERICA: Defense Council Talks Postponed**

Efforts to reactivate the Central American Defense Council—to include Guatemala, El Salvador, Honduras, and Panama—have stalled since the region's civilian leaders last week declined a Honduran invitation for a summit meeting in Tegucigalpa. A charter for the Council was to have been officially endorsed by the countries' heads of state or Foreign Ministers. Military representatives from the countries met in the Honduran capital last month, however, to continue talks about military cooperation in the event of Nicaraguan aggression. Costa Rica has declined to become involved in the strictly military organization. [redacted]

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**Comment:** The region's leaders—especially in Guatemala and El Salvador—may be wary of the Hondurans' eagerness to get formal commitments for joint defense against Nicaragua. Conflicting national interests also could slow the Council's reactivation. Guatemalan President Mejia—who heads the inactive Council and views its revival as a means to increase his country's influence in the region—may resent the Hondurans' desire to base the organization's permanent commission in Tegucigalpa. [redacted]

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**ITALY-PAKISTAN: Missile Equipment Sales**

The Italian Government, responding to a US demarche, has discovered the transfer to Pakistan of missile-related technology and materials worth \$3.5 million, beginning in 1980. The US Embassy reports that additional items worth \$2 million remain unshipped by a major European missile and space conglomerate. Rome has indicated that further shipments are being scrutinized and are likely to be blocked. [REDACTED]

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**Comment:** The Italian Ministry of Foreign Affairs may be toughening its position on transferring missile-related equipment and technology to developing countries. The Italians had been reluctant to enter into multilateral export control efforts because of possible criticism from Third World countries. Moreover, Rome has a poor record in monitoring the dealings of Italian industries with other countries, and it may not remain vigilant. Although the Italians have not provided a list of the items shipped to Pakistan or under consideration, previous reporting indicates that these transactions probably are related to the production of composite solid propellants that could be used in a variety of rockets and missiles. [REDACTED]

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**IRAN-FINLAND: Possible Iranian Embassy**

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**Comment:** Finland probably will permit the Iranians to open an embassy in Helsinki because it has one in Tehran. The request is part of Iran's campaign to establish embassies in countries it considers nonaligned. The Iranians hope Finland will serve as a conduit to Western high technology, enabling them to avoid dealing with the US and its allies.

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**BELIZE-MEXICO: Marijuana Eradication Effort**

The US Embassy in Belize says Belize, with Mexican assistance, has eradicated 90 percent of its marijuana crop. A team of Belizean and Mexican narcotics police sprayed paraquat from the air on 3,070 marijuana fields encompassing some 580 hectares. No major incidents marred the program despite threats by narcotics traffickers to shoot down the helicopters.

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**Comment:** This operation is the most successful joint eradication effort thus far by two narcotics-producing countries. Although the amount of marijuana destroyed is small in comparison to the total amount exported illegally to the US, the effort contributes to US narcotics control objectives. Because Mexico supplied the helicopters and personnel, Belizean Prime Minister Price was able to avoid any charges by the opposition of yielding to US demands.

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## **Special Analysis**

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### **IRAQ: Diplomatic Offensive**

*Baghdad is carrying out an intense diplomatic offensive to ease its economic strangulation and to force Iran to negotiate, or—if these efforts fail—to deflect any condemnation of future Iraqi attacks on Iran's oil lifeline. Iraq's diplomatic strategy has included promotion of a UN Security Council resolution that called for a cease-fire in the war. Baghdad also is seeking some improvement in its relations with the US. If the diplomatic efforts fail to produce significant progress, the Iraqis are likely to intensify air attacks later this year, probably using Super Etendard aircraft to attack tankers serving Iran.*

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The diplomatic offensive is motivated by Iraq's economic plight and probably also by eroding morale in the military and the general population. Baghdad already has had to make sharp import cuts this year and to defer about \$4 billion in payments to help balance its current account.

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diplomatic reports note growing war weariness among the people.

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Iraq began its diplomatic effort in August with warnings to its backers in the Persian Gulf that it would step up the war if they did not provide enough aid for its economic needs. Baghdad probably also pushed these states to urge the US and other Western nations in turn to renew pressure on Iran to end the war.

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### **Efforts in the UN**

Iraq recently succeeded in gaining the adoption by the UN Security Council of a resolution calling for a cease-fire and underscoring international support for freedom of navigation in the Persian Gulf. Baghdad hopes to exploit the Iranian opposition to the resolution to lay a diplomatic basis for using the Super Etendards against Iranian oil targets.

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**Relations With the US**

Iraq is attempting to improve relations with the US and gain public US support. Baghdad believes that US leadership is needed to elicit Western action against Iran. [REDACTED]

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The Iraqis appointed a new man in September to head their Interests Section in Washington and emphasized to US officials his close ties to President Saddam Husayn. More recently, Saddam reversed the Iraqi position on relations with the US by stating publicly that Baghdad might normalize ties with Washington before the war ends. [REDACTED]

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Saddam also responded to US complaints about Iraqi links to terrorist groups by claiming that Iraq has severed ties with Abu Nidal, leader of the Black June Palestinian terrorists. [REDACTED]

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**Results Mixed**

Iraq has provoked Iranian counterthreats to close the Strait of Hormuz, thus succeeding in bringing home to the West the danger of expanded fighting. Baghdad's efforts have secured some additional aid from the Gulf states and promises of more. [REDACTED]

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The Gulf states have renewed pressure on Damascus—so far unsuccessfully—to reopen the Iraqi oil pipeline through Syria in order to head off a widening of the war. The oil line, even with only one of its two spurs open, could increase Iraq's current oil revenues by 50 percent. Saudi Arabia reportedly also has agreed in principle to allow Iraq to build a pipeline that would connect with the trans-Saudi line, although Riyadh appears unenthusiastic about the project. [REDACTED]

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Iraq probably will await the reactions to its diplomatic efforts in the UN and the Gulf before making new military moves. Iraq will expect the Gulf Arabs to provide additional funds if, as is likely, Syria refuses to reopen the pipeline in the next several weeks. If Saddam decides that his diplomatic offensive can make no further headway, however, he will rely more on his military alternative, including the Super Etendards. [REDACTED]

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